



CONSUMERS ENERGY COMPANY

REQUEST FOR PROPOSALS

WIND GENERATION PROJECTS

Bids Due:

July 9, 2018 12:00 noon EPT (Jackson, MI)

Issued

June 8, 2018

Web Address: <https://www.consumersenergy.com/residential/renewable-energy/customer-generation/electricity-sales/electric-power-notices>

**NOTICE:** Respondents are restricted from associating the Company's name with land owners for purposes of responding to this RFP.

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## 1. **Introduction**

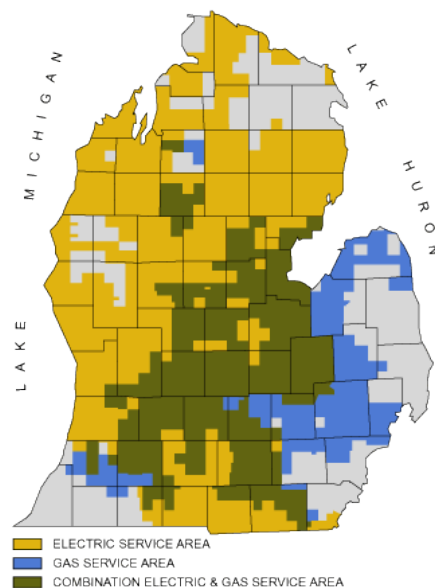
- 1.1 With this Request for Proposals (RFP) Consumers Energy Company (CEC or the Company) is soliciting proposals for new wind generation projects available for acquisition as described more fully in Subsection 2.2 below.

The general schedule for the RFP process is shown below (See also Subsection 3.6):

Email Notice to Potential Respondents	June 5, 2018
Issue RFP	June 8, 2018
Notice of Intent Due	June 15, 2018
Pre-Qualification Applications Due	June 22, 2018
Proposals Due	July 9, 2018

- 1.2 Consumers Energy Company is the principal subsidiary of Jackson-based CMS Energy Corporation and is Michigan's largest electric and natural gas utility, providing service to almost 7 million of the state's 10 million residents in all 68 counties in the Lower Peninsula. CEC provides electric service to 1.8 million customers and serves 275 cities and villages in 61 counties. The Company operates 5 coal-fueled generating units, two oil/gas-fueled and two gas-fueled generating units, 13 hydroelectric plants, a pumped storage electric generating plant, two wind-powered energy parks, two solar photovoltaic generation systems and several combustion-turbine plants that produce electricity when needed during peak demand periods. The utility also purchases power from several independent power producers through long term power purchase agreements.

**CEC Service Territory**



More information about CEC is available by visiting [www.consumersenergy.com](http://www.consumersenergy.com)

### 1.3 **CEC Wind Energy Experience**

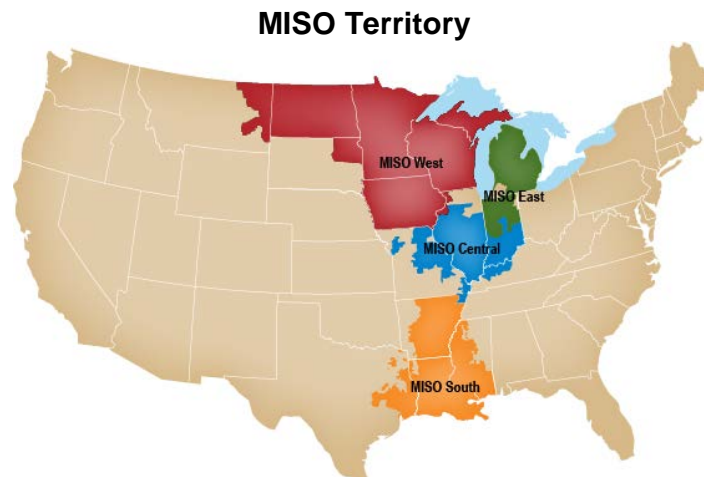
CEC's wind energy experience includes the ownership and long term power purchase agreements listed below:

Wind Energy Resources	MW
Apple Blossom (under construction)	100.00
Bay Windpower	1.80
Beebe Renewable Energy	81.60
Cross Winds Energy Park	110.98
Cross Winds Energy Park Phase II (2018)	44.00
Cross Winds Energy Park Phase III (2020)	76.00
Harvest II Windfarm	59.40
Heritage Garden Wind Farm	20.00
Heritage Stoney Corners Wind Farm (Phase 2)	12.25
Heritage Stoney Corners Wind Farm (Phase 3)	8.35
Lake Winds Energy Park	100.80
Michigan Wind 1	69.00
Michigan Wind 2	90.00

## 2. **Purpose / Desired Product**

### 2.1 **Purpose and Background**

The purpose of this RFP is to solicit offers for CEC to acquire wind generation projects located in states that are serviced by the Midcontinent Independent System Operator (MISO). Proposals located within the State of Michigan are requested to support CEC's new renewable portfolio standard of 15% renewable energy by 2021. In addition, CEC is requesting proposals for projects within MISO's service territory outside of the State of Michigan to support CEC's future energy and capacity needs. With this RFP, CEC is seeking to acquire wind generation projects that provide the lowest net costs to its customers. The structures that CEC will consider to accomplish the foregoing objectives are described in more detail in Subsection 5.4 below.



### 2.2 **Product Description**

CEC seeks to acquire up to 400 MW of new aggregate nameplate rated wind generation projects with a commercial operation date on or before **December 31, 2021**, all located in the State of Michigan to support CEC's new renewable portfolio standard of 15% by 2021. **CEC's first preference is to acquire projects that are 100% PTC eligible. As a secondary preference, CEC is open to evaluating projects with a COD of 12/31/2021 that would be 80% PTC eligible as well.**

### **3. Information and Schedule**

#### **3.1 Information Provided to Potential Respondents**

This RFP and all of its appendices and forms are anticipated to be available as of June 8, 2018 on CEC's website (<https://www.consumersenergy.com/residential/renewable-energy/customer-generation/electricity-sales/electric-power-notices>). Interested parties are expected to be able to download the RFP with its required forms and complete the forms in Microsoft Word and Excel formats. Parties on whose behalf a proposal is submitted ("Respondents") should submit properly completed forms by the specified due date either by express mail to the CEC Representative designated below or by electronic mail to the RFP Submission Email Address ([energypurchase@cmsenergy.com](mailto:energypurchase@cmsenergy.com)).

#### **CEC Representative**

Consumers Energy Company  
1945 W. Parnall Road  
Jackson, MI 49201  
Attn: Kathy Wetzel

CEC also anticipates sending an electronic mail notice on or before June 5, 2018 to parties that it considers being likely Respondents to this RFP. The preparation of a proposal may be started at any time provided that such preparations are done in accordance with the instructions found in this RFP.

#### **3.2 Respondent Certification**

By submitting a proposal in response to this RFP, the Respondent certifies that it has not divulged, discussed, or compared any commercial terms of its proposal with other Respondents and has not colluded whatsoever with any other party believed to be a prospective Respondent.

#### **3.3 Information on the CEC Website**

The information on CEC's website will contain the following:

- (a) This RFP and all associated appendices.
- (b) Questions and answers about this RFP.

#### **3.4 Questions**

All questions regarding this RFP should be submitted to the RFP Submission Email Address ([energypurchase@cmsenergy.com](mailto:energypurchase@cmsenergy.com)). All questions and answers of a non-trivial nature will be posted on CEC's website on a periodic basis.

3.4.1 Any Respondents who discover inconsistencies or errors in, or who are in doubt as to the meaning or intent of any part of, the RFP documents, shall request an interpretation from CEC via the RFP email address.

3.4.2 If a Respondent fails to notify CEC of a known error or an error that reasonably should have been known prior to the final submission date, the Respondent shall assume any and all risk, and shall not be entitled to change its proposal after the submission due date.

3.5 **Clarification of Proposals**

While evaluating proposals, CEC may request additional information about any item in the proposal. All requests will be made in writing, and the Respondent will be required to respond to the request within three (3) business days of receipt of such request or CEC may choose to stop evaluating the Respondent's proposal.

3.6 **Schedule:** The following schedule and deadlines apply to this RFP. CEC reserves the right to extend or otherwise modify any portion of this schedule at any time or terminate the RFP process at its sole discretion.

3.6.1 EPT or Eastern Prevailing Time means Eastern Standard Time or Eastern Daylight Savings Time, whichever is in effect in Jackson, Michigan on any date specified.

3.6.2 All proposals are due by 12:00 noon EPT, July 8, 2018. CEC expects to execute condition precedent agreements (subject to Michigan Public Service Commission approval) no later than December 31, 2018.

Step	Timetable
Notice of Intent Due	5:00 pm EPT, June 15, 2018
Respondent Pre-Qualification Applications Due	5:00 pm EPT, June 22, 2018
Respondents Notified of Results of Pre-Qualification Application Review	5:00 pm EPT, June 29, 2018
Proposal Due Date	12:00 noon, EPT, July 8, 2018
Proposal Evaluation Completion Target	August 8, 2018
Condition Precedent Agreements Executed	October 8, 2018
MPSC Review / Approval of Major Contracts Target	December 31, 2018

4. **RFP General Requirements**

4.1 **Respondent Pre-Qualification**

To be eligible to submit a proposal in response to this RFP, Respondents must be pre-qualified. To pre-qualify, Respondents must (a) submit through the RFP Submission Email Address ([energypurchase@cmsenergy.com](mailto:energypurchase@cmsenergy.com)) by no later than 5:00 p.m. EPT on June 22, 2018 (i) a Notice

of Intent (Appendix A) and (ii) a completed Pre-Qualification Application (Appendix B) and (b) receive confirmation from CEC that they are pre-qualified to submit a proposal.

4.2 **Size**

All wind generation projects proposed in accordance with this RFP must have a nameplate capacity rating of not less than 100 MW and no greater than 400 MW.

4.3 **Proposal Quantities and Pricing**

This RFP requests proposals that consist of firm quantities and firm prices. All prices must not be tied to any contingencies other than as specified herein. For purposes of this solicitation, the sale of a wind generation project to CEC includes the transfer of all permits, licenses, equipment and contracts as each may be applicable to each proposal as identified in Appendices C - Technical Bid Form and D-1 and D-2 – Pricing Bid Form.

4.4 **Valid Proposal Duration**

Proposal pricing must be valid for six (6) months following the Proposal Due Date, upon which time proposals shall expire unless the Respondent has been notified and selected as a final award recipient.

4.5 **Location**

This RFP requests proposals from new wind generation projects in which the project(s) will be located in the MISO service territory. All wind generation projects proposed in a response to this RFP must have the capability of being registered by CEC as a generation resource within MISO. Information submitted must include identification of proposed interconnection points and the status of the interconnection (e.g., application received by Interconnection Entity, study agreement executed, executed interconnection and operating agreement) as identified in Appendix C - Technical Bid Form.

4.6 **Affiliates**

Affiliates of CEC are not permitted to participate in this RFP.

5. **Proposal Content Requirements**

This section describes CEC's expectations and requirements for the RFP bids for all proposals. CEC expects Respondents to provide any information that could impact the Respondent's ability to deliver the product(s) as offered. If it appears that certain information is inadvertently omitted from a proposal, CEC may contact the Respondent to obtain the information.

All proposals must include a table of contents and provide concise and complete information on all of the following topics:

5.1 **Respondent's Information**

Proposals must include information on the Respondent's corporate structure (including identification of any parent companies), a copy of the Respondent's most recent quarterly report containing unaudited consolidated financial statements that is signed and verified by an authorized officer of Respondent attesting to its accuracy, a copy of Respondent's most recent annual report containing audited consolidated financial statements and a summary of Respondent's relevant experience. Financial statements, annual reports and other large documents may be referenced via a web site address.

## 5.2 **Executive Summary**

Provide an executive summary of the project's characteristics and timeline, including any unique aspects and benefits, such as, community engagement activities the Respondent implemented in order to build local community acceptance of the project.

## 5.3 **Facility Information**

Proposals must include narratives containing adequate detail to allow CEC to evaluate the merits and credibility of the proposed resources. In addition, the Bid Forms identified in Appendices C and D-1 and D-2 **must** be fully completed. Respondents must address the following topics:

5.3.1 **Size**. All Respondents are asked to price a new wind generation project with a nameplate rating not to be less than 100 MW and not more than 400 MW.

5.3.2 **Feasibility**. Proposals shall include reports from qualified external consultants which cover: (1) project fatal flaws or risks, and (2) wind studies which include (but are not limited to) monthly average wind speeds or energy output analysis of project turbines, and average wind speed, shear calculation and annual P90 energy production estimates during each year of the useful life of the project wind farm (estimated to be 31.25 years). Also, provide the contact information, resume and experience of the external consultant(s) engaged to prepare the above reports.

5.3.3 **Licenses and Permits**. Proposals shall include a description of all significant licenses and permits required to construct and operate the wind generation resource and the status of acquiring and/or completing such licenses and permits.

5.3.4 **Name and Location**: Proposals shall include the name of the wind generating facility and project location, the merits of the selected site, and the proposed land rights. Proposals shall include: (1) a map of the site highlighting fully executed leases, easements, or option agreements to lease property or convey land rights to the Respondent, (2) boilerplates of any/all definitive agreements Respondent is using or would intend to use to secure the site identified in item (1) above, and (3) an affidavit signed by an officer of the Respondent attesting to the validity of items (1) and (2) above.

5.3.5 **Project Layout**: Proposals shall include anticipated placement of wind turbines and other project facilities, including transmission layouts and the Point of Interconnect.

5.3.6 **Reliability of Proposed Technology**: Proposals shall include the description, size, number and manufacturer of the generation equipment that will be used, including a summary of the commercial operating experience of the equipment chosen, including OEM installed capacity of given turbine model. Where applicable, Respondents should also indicate significant wind turbine warranty terms it would expect to secure from the proposed supplier. If a final equipment selection has not been made, list the candidates under consideration and the status and schedule of the selection process. Also provide a description of the system intended to provide supervisory control and data acquisition (SCADA) information and power regulation capabilities real-time telemetering data (i.e. wind speed, availability, production, voltage regulation, etc.).

5.3.7 **Interconnection**: Proposals shall include copies of all studies prepared or required by the applicable Interconnection Entity. If no such studies have been completed, the proposal should include any studies prepared by qualified consultants. Proposals shall indicate the level of Network Resource Interconnection Service to be obtained for the project.



- 5.3.8 **Project and Construction Schedule**: Schedules shall include major milestones such as completion of permitting, financing, regulatory requirements, major construction, commissioning and regulatory testing, commercial operation date, etc. For in-state projects, CEC requires Commercial Operation Dates (COD) on or before December 31, 2020.
- 5.3.9 **OEM and EPC Contractor**. To the extent known, provide name of Original Equipment Manufacturer (OEM), Engineering, Procurement and Construction (EPC) contractor and any subcontractors.
- 5.3.10 **Financing Plan**: Respondents shall include a proposed financing plan for the project, including but not limited to any condition precedent agreement(s) it has utilized in similar past transactions.
- 5.3.11 **Capacity and Availability Factors**: Respondents shall state the expected monthly and annual P90 net capacity and availability factors of the facility.
- 5.3.12 **Acquisition Date**: Respondents shall state the proposed date upon which acquisition of the facility would be completed.
- 5.3.13 **Acquisition Price**: Respondents shall submit an acquisition price consisting of a single fixed payment that is inclusive of all monetary consideration for the generating assets, ancillary facilities and all contractual arrangements. See Appendix D-1 and D-2 – Pricing Bid Form.

#### 5.4 **Acquisition Structure**

CEC will only consider proposals that include one or more of the following acquisition structures in descending order of preference:

- A. Development Asset Acquisition (DAA) Option – CEC acquires ownership of all development-related assets including but not limited to: land rights, development studies, permits, safe harbor equipment, etc.;
- B. Build Transfer Option - CEC acquires ownership of the project after commissioning of the wind turbines, but prior to COD; or
- C. Partnership / Joint Venture Option – CEC would be open to evaluating alternative proposals specifically as it relates to outstate opportunities.

All Respondents must provide appropriate documentation defining the amount of Federal Production Tax Credit secured for the project, including how it was met (5% cost incurred safe harbor test and/or start of physical work of a significant nature), when the project secured it, and when the project will no longer qualify for that level of the Federal Production Tax Credit.

CEC desires the form of the above structures that will provide the lowest cost to its customers. Respondents are free to structure CEC's acquisition of the wind generation project in any of the above forms they desire. The structure of said deal must at a minimum provide for the following:

- a) Two person service lift and/or climb assist system must be included in turbines.
- b) Turbines must include a hoist to the nacelle. This can be internal or external, but external is preferable if using a service lift.
- c) Fire detection and suppression systems to be provided in turbines (nacelle and down tower control areas minimum). Preferred equipment includes: Firetrace, static grenades, and smoke detectors.

- d) Turbines to be equipped with condition monitoring system on, at minimum, the entire turbine drivetrain. The drivetrain consists of the main bearing, gearbox and generator components.
- e) Shadow Flicker Management System. Individual wind turbine generator (WTG) control capability is preferred.
- f) Ice detection system. Ice removal or blade heating options are preferred.
- g) Noise reduction operating technology.
- h) Include spare fiber optic capacity in collection system to add future camera monitoring and card access at each turbine.
- i) Collection system to have minimum of 60" cover above uppermost cable.
- j) Dead-break terminations shall be equipped with a 200A bushing/interface (load-break) to allow testing whether an underground cable circuit is de-energized/grounded (Cooper T-OP II type elbows with 200A bushing/interface are one potential solution).
- k) Collection system as-built surveying must be completed using GPS instrumentation with decimeter accuracy and sampling interval sufficient to locate +/-6" of trench.
- l) FAA Obstruction lighting plan / Mitigation Technology (optional).
- m) Eco-adaptive Mitigation Software
- n) Meteorological towers.
- o) Licensed software, owner serviceable hardware and associated troubleshooting / PLC access hardware for both the SCADA server and WTG controllers.

## 6. **Minimum Bid Eligibility Requirements**

This section outlines the minimum requirements that all proposals must meet to be eligible to participate in this RFP. Subject to Subsection 7.1 below, Proposals not meeting the following criteria will be deemed to be ineligible and not be considered for further evaluation.

- Respondents must meet the general requirements in accordance with Section 4 of this RFP.
- Proposals must include all applicable content requirements described in Section 5 of this RFP, including all requested information and completed forms.
- Proposals must provide documentation that shows an acceptable level of development, credit, and technology risk, as determined by CEC's bid evaluation team.

## 7. **Bid Evaluation and Contract Negotiations**

### 7.1 **Initial Proposal Review**

After the proposal submittal due date, CEC will review all responses for completeness, responsiveness and compliance with the minimum bid eligibility requirements specified in Section 6 of this RFP. CEC will not accept updated pricing from Respondents during the evaluation period. Preliminary due diligence will also be conducted at this stage to identify any flaws associated with the proposal that are unacceptable to CEC. As a result of this screening, CEC may, at its sole discretion, either eliminate proposals from further consideration, or contact Respondents to clarify information or request additional information. CEC will make such requests in writing via email and specify a deadline for compliance. Failure to provide the requested information or clarification by the deadline may result in disqualification of the proposal.

### 7.2 **Shortlist Development**

CEC will evaluate all proposals to meet pricing and renewable energy needs. Proposals will be evaluated based on present value economics and other factors that may include, but will not be limited to, location, credit, and community support.

During the evaluation process, CEC may or may not choose to initiate discussions with one or more Respondents. Discussions with a Respondent shall in no way be construed as commencing contract negotiations.

**7.3 Contract Negotiations**

CEC may initiate contract negotiations for potential project purchases with one or more Respondents whose proposals CEC has selected pursuant to Subsection 7.2 above. If the Respondent and CEC cannot agree to acceptable terms within the schedule set forth in Subsection 3.6, CEC reserves the right to eliminate the Respondent from further consideration.

CEC's commencement of and participation in negotiations shall not be construed as a commitment to execute a contract. Only execution of a definitive agreement by both CEC and the Respondent on mutually acceptable terms will constitute a "winning bid proposal".

**8. Reservation of Rights**

CEC reserves the right, without qualification, to reject any or all proposals and to waive any irregularity in submitted information. There is no assurance, expressed or implied, that any contract will be executed pursuant to this RFP. CEC also reserves the right to evaluate all offers received in any manner it elects to employ, to solicit additional proposals if it is deemed necessary to do so and the right to submit additional information requests to Respondents during the bid evaluation process.

**9. Liability with Respect to RFP**

This RFP shall not, by itself, give any right to any party for any claim against CEC. Furthermore, by submitting a proposal, Respondent shall be deemed to have acknowledged that CEC assumes no liability in any fashion with respect to this RFP or any matters related thereto. By submission of a proposal, the Respondent, for itself as well as for its successors and assignees (if any), agrees that, as between Respondent and CEC, Respondent is to be solely responsible for all claims, demands, accounts, damages, costs, losses and expenses of whatsoever kind in law or equity, known or unknown, foreseen or unforeseeable, arising from or out of this RFP.

**10. Confidentiality of Information**

All proposals submitted in response to this RFP become the property of CEC upon submittal. CEC will take commercially reasonable precautions and use commercially reasonable efforts to maintain the confidentiality of all bids submitted. Respondents shall clearly identify each page of information considered to be confidential or proprietary. CEC reserves the right to release any proposals to agents or consultants for purposes of proposal evaluation. CEC's disclosure policies and standards will automatically bind such agents or consultants. Regardless of the confidentiality claimed, all such information may be subject to review by the appropriate state authority, or any other governmental or regulatory authority or judicial body with jurisdiction relating to these matters and may be subject to discovery. Under such circumstances, CEC will make all commercially reasonable efforts to protect Respondent's confidential information.

**11. Proposal Costs**

Respondents shall assume any and all costs/expenses required for or in connection with its proposal.